

NORTH IOWA REGIONAL HOUSING AUTHORITY

INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

SEPTEMBER 30, 2014 and 2013

TABLE OF CONTENTS

| | |
|---|------------------------|
| <u>INDEPENDENT AUDITOR'S REPORT</u> | <u>Page</u> |
| | 1-2 |
| <u>MANAGEMENT'S DISCUSSION AND ANALYSIS</u> | 3-6 |
| <u>BASIC FINANCIAL STATEMENTS</u> | |
| | <u>Exhibit</u> |
| Statements of Net Position. | 1 7 |
| Statements of Revenues, Expenses and Changes in Net Position. | 2 8 |
| Statements of Cash Flows | 3 9 |
| Notes to Financial Statements | 10-15 |
| <u>OTHER SUPPLEMENTAL INFORMATION</u> | |
| | <u>Schedule</u> |
| Schedule of Expenditures of Federal Awards | 1 16 |
| <u>REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS</u> | |
| | 17-18 |
| <u>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133</u> | |
| | 19-20 |
| <u>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</u> | 21-22 |
| <u>FINANCIAL DATA SCHEDULE</u> | 23-26 |



Kronlage & Olson, P.C.

Certified Public Accountants

Douglas E. Kronlage, CPA
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INDEPENDENT AUDITOR'S REPORT

To the Board of Commissioners
of North Iowa Regional Housing Authority:

Report on the Financial Statements

We have audited the accompanying financial statements of North Iowa Regional Housing Authority as of and for the year ended September 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise North Iowa Regional Housing Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of North Iowa Regional Housing Authority, as of September 30, 2014 and 2013, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the North Iowa Regional Housing Authority's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for the purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, and the Financial Data Schedule, required by the Department of Housing and Urban Development, Real Estate Assessment Center are not required parts of the basic financial statements.

The Schedule of Expenditures of Federal Awards and Financial Data Schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and financial data schedule are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

Subsequent to the issuance of the financial statements dated May 18, 2015, it was determined that the information in the Schedule of Expenditures of Federal Awards was materially misstated due to the absence of information related to Section 8 Housing Choice Voucher grant as more fully explained in Note 13 to the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2015, on our consideration of North Iowa Regional Housing Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Iowa Regional Housing Authority's internal control over financial reporting and compliance.

Kronlage & Olson, P.C.
Charles City, Iowa

May 18, 2015

June 29, 2015 as related to Note 13

MANAGEMENT'S DISCUSSION AND ANALYSIS

North Iowa Regional Housing Authority (NIRHA) operates two Department of Housing and Urban Development (HUD) programs, providing income-based housing and rental assistance to lower income families residing in the northern Iowa counties of Cerro Gordo, Floyd, Franklin, Hancock, Kossuth, Mitchell, Winnebago, and Worth. Although located within the above mentioned counties, the incorporated cities of Charles City, Mason City, and Riceville receive assistance from other housing authorities, and residents of those three communities are ineligible for assistance from NIRHA. A governing board, consisting of commissioners appointed by supervisors of each of the eight counties, hires an Executive Director to oversee the daily management of the housing authority and to supervise the administrative and maintenance staff as they work toward achieving the housing authority's goals and mission.

The mission of the North Iowa Regional Housing Authority is to assist low-income families with decent, safe and affordable housing opportunities as they strive to achieve self-sufficiency and improve the quality of their lives. The Housing Authority is committed to operating in an efficient, ethical, and professional manner. The Housing Authority will create and maintain partnerships with its clients and appropriate community agencies in order to accomplish this mission.

The Public Housing (PH) Program provides assistance for low income families, elderly, and disabled persons in rental units owned and managed by NIRHA. Properties are located in ten northern Iowa communities. The units are designed to blend into and complement their respective neighborhoods. The units vary in bedroom sizes and range in style from duplexes and multi-family town houses with separate entrances to a multi-level apartment building. Tenant rents are income-based at approximately 30% of income. Rental income is generally insufficient for NIRHA to operate the properties, and HUD operating subsidies are used to provide a significant portion of the revenue gap. Capital improvement grants from HUD permit NIRHA to maintain the physical structure of the buildings and improve energy efficiency.

The Housing Choice Voucher (HCV) program is designed to enable elderly, disabled, and low income families the opportunity to rent decent, safe, and sanitary housing. The HCV program permits participants to rent an apartment or house from the private rental market. Participants' rent is income-based and initial lease-up rent does not exceed 40% of their adjusted monthly family income. Participants pay their portion of the rent to their landlords, and the balance of the rent is paid by NIRHA directly to the landlords. HUD subsidizes 100% of the landlord payments made by NIRHA. HUD also provides an administrative fee grant to NIRHA to defray costs of administering the program.

Operating and financial data for both the PH and HCV programs is closely monitored by HUD via monthly and annual reporting. HUD reporting also includes tenant income eligibility and family data. On-site compliance reviews are periodically scheduled by HUD to validate report data and to insure program integrity.

North Iowa Regional Housing Authority's performance and goals are dedicated to complying with program administration regulations. NIRHA has developed a system of internal procedures to ensure that expenditures represent allowable costs and are properly documented and approved. Procedures also ensure that calculations related to rent subsidies are accurate and in accordance with federal regulations. Additional procedures are in place to ensure NIRHA is in compliance with state and local laws. Policies are continually reviewed for legal and regulatory changes as well as changes in circumstances.

NIRHA depends exclusively upon federal funding. The commissioners and management of NIRHA continually monitor funding trends and make adjustments necessary to maintain financial stability.

2014 FINANCIAL INFORMATION

The following pages contain a narrative overview and analysis highlighting key financial activities for the fiscal year ended September 30, 2014, with comparative data from the fiscal years ended September 30, 2013 and 2012 respectively. We encourage readers to consider this information in conjunction with the housing authority's audited financial statements.

The accompanying audited financial statements were prepared using the accrual basis of accounting and the economic resources measurement focus, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account, regardless of when cash is received or paid.

The **Statement of Net Position** presents all of NIRHA's assets and liabilities, with the difference between the two reported as "net position." Increases or decreases in net position may, over time, serve as a useful indicator of whether the financial position of NIRHA is improving or deteriorating.

| | 2014 | 2013 | 2012 |
|-----------------------------|---------------------------|---------------------------|---------------------------|
| Current and other assets | \$ 833,855 | \$ 679,779 | \$ 691,900 |
| Capital assets | <u>3,338,887</u> | <u>3,633,160</u> | <u>3,930,975</u> |
| Total assets | <u>\$4,172,742</u> | <u>\$4,312,939</u> | <u>\$4,622,875</u> |
| Short-term liabilities | \$ 75,176 | \$ 101,889 | \$ 83,927 |
| Other liabilities | <u>20,684</u> | <u>18,034</u> | <u>15,192</u> |
| Total liabilities | <u>\$ 95,860</u> | <u>\$ 119,923</u> | <u>\$ 99,119</u> |
| Net position: | | | |
| Invested in capital assets, | | | |
| net of related debt | \$3,338,887 | \$3,633,160 | \$3,930,975 |
| Restricted | 41,206 | 69,090 | 89,733 |
| Unrestricted | <u>696,789</u> | <u>490,766</u> | <u>503,048</u> |
| Total net position | <u>\$4,076,882</u> | <u>\$4,193,016</u> | <u>\$4,523,756</u> |

- Assets exceeded liabilities by approximately \$4,077,000 as of September 30, 2014. The major component of assets is the investment in land, buildings, improvements, equipment, and construction in progress, net of depreciation. Current and other assets of \$833,900 comprise the other asset component, and cash and investments represent the majority of that component.

- Liabilities totaling approximately \$95,900 are all current, except for the long-term accrual of compensated employee absences. Liabilities are comprised mostly of vendor accounts payable, tenant security deposits, tenant prepaid rents (credit balances), and accrued expenses. NIRHA is fortunate to have no long-term debt.

The **Statement of Revenues, Expenses, and Changes in Net Position** presents information showing how net position changed during the most recent fiscal year, and compares the data to the prior fiscal year. All changes in net position are reported when the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will not impact cash flow until future fiscal periods.

| | 2014 | 2013 | 2012 |
|------------------------------------|---------------------------|---------------------------|---------------------------|
| Revenue by source | | | |
| Rents | \$ 174,269 | \$ 180,751 | \$ 193,247 |
| Grants and contributions | 1,554,748 | 1,544,864 | 1,617,298 |
| Miscellaneous | <u>18,534</u> | <u>17,333</u> | <u>25,206</u> |
| Total revenues | <u>\$1,747,551</u> | <u>\$1,742,948</u> | <u>\$1,835,751</u> |
| Expenditures | | | |
| Administration | \$ 424,852 | \$ 400,741 | \$ 446,200 |
| HAP payments | 1,138,539 | 1,166,358 | 1,258,642 |
| Depreciation | 294,273 | 297,815 | 303,372 |
| Maintenance and Other | 237,031 | 201,551 | 179,048 |
| Miscellaneous | <u>17,345</u> | <u>9,339</u> | <u>18,277</u> |
| Total expenses | <u>\$2,112,040</u> | <u>\$2,075,804</u> | <u>\$2,205,539</u> |
| Non operating revenues (expenses) | | | |
| Capital contributions | \$ 245,857 | \$ 0 | \$ 135,039 |
| Other | <u>2,498</u> | <u>2,116</u> | <u>2,832</u> |
| Total non operating revenues | <u>\$ 248,355</u> | <u>\$ 2,116</u> | <u>\$ 137,871</u> |
| Change in net position | \$ (116,134) | \$ (330,740) | \$ (231,917) |
| Net position at beginning of year | \$4,193,016 | \$4,523,756 | \$4,755,673 |
| Net position at end of year | <u>\$4,076,882</u> | <u>\$4,193,016</u> | <u>\$4,523,756</u> |

- Rental income from tenants residing in the public housing units owned by the housing authority, plus grants from HUD, represent the majority of the operating revenue of NIRHA. Likewise, payments to landlords for tenants participating in the HCV program constitute the single largest operating expense. Administrative expenses, PH maintenance expenses, and depreciation comprise most of the remaining operating expenses.
- Combined operating revenues of the two programs operated by NIRHA, increased by 6%, or approximately \$9,900 from fiscal year 2013 to fiscal year 2014. The major source of revenue is funding from HUD, and it remains fairly stable.
- Maintaining full occupancy in public housing units is an on-going challenge, considering the continual turnover of tenants. Rental income is subject to the ebb and flow of tenant income.
- NIRHA has strived to maintain close to the maximum number of HCV units permitted by the agency's contract with HUD. As the number of program participants increases, the dollar amount expended to landlords also increases. HUD provides funding based upon the number of HCV tenants and the dollar amount paid to landlords, so as expenses increase, revenues also increase. Likewise, HUD provides an administrative grant to operate the program, and the grant is based directly upon the number of units served. HUD was still feeling the effects of sequestration during Fiscal Year 2014, causing a lowered per unit value of the administrative subsidy.
- NIRHA adopts annual operating budgets for the PH and HCV programs based upon expected federal grants awarded. All budgets are prepared on a basis prescribed by HUD which is materially consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year-end. It is often difficult to anticipate changing economic conditions which impact tenant incomes and thereby impacting the housing authority's budget. It is also difficult to predict funding amounts from HUD, since federal budget and grant information frequently have not been available until three to six months into NIRHA's fiscal year. NIRHA continually searches for cost saving measures to minimize the effects of uncontrolled revenue reductions.

The financial reports are designed to present our citizens, taxpayers, customers, investors, creditors, and other users with a general overview of the housing authority's finances and operating activities. If you have any questions or require additional information, please contact:

North Iowa Regional Housing Authority
 202 1st St., S.E., Suite 203
 Mason City, Iowa 50401
 641-423-0897

NORTH IOWA REGIONAL HOUSING AUTHORITY
Statements of Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|---------------------------|---------------------------|
| ASSETS: | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 641,764 | \$ 475,177 |
| Investments | 125,549 | 116,395 |
| Receivables: | | |
| Accounts receivable-Tenants | 7,491 | 2,093 |
| Accounts receivable-Other | - | 70 |
| Accrued interest | 19 | 157 |
| Prepaid expenses | 17,826 | 16,797 |
| Total current assets | <u>\$ 792,649</u> | <u>\$ 610,689</u> |
| Non-current assets: | | |
| Restricted assets: | | |
| Cash | \$ 41,206 | \$ 69,090 |
| Total restricted assets | <u>\$ 41,206</u> | <u>\$ 69,090</u> |
| Capital assets: | | |
| Land | \$ 915,269 | \$ 915,269 |
| Buildings and improvements | 6,738,419 | 6,738,419 |
| Equipment | 259,391 | 259,391 |
| Leasehold improvements | 4,674 | 4,674 |
| Total capital assets | <u>\$7,917,753</u> | <u>\$7,917,753</u> |
| Less accumulated depreciation | 4,578,866 | 4,284,593 |
| Net capital assets | <u>\$3,338,887</u> | <u>\$3,633,160</u> |
| Total non-current assets | <u>\$3,338,887</u> | <u>\$3,702,250</u> |
| Total assets | <u>\$4,172,742</u> | <u>\$4,312,939</u> |
| LIABILITIES: | | |
| Current liabilities: | | |
| Accounts payable | \$ 16,044 | \$ 6,547 |
| Accrued expenses: | | |
| Payroll | 9,459 | 7,926 |
| Compensated absences | 8,249 | 8,374 |
| Other | 9,445 | 48,377 |
| Deferred revenue | 2,204 | 911 |
| Security deposits | 29,775 | 29,754 |
| Total current liabilities | <u>\$ 75,176</u> | <u>\$ 101,889</u> |
| Non-current liabilities: | | |
| Accrued compensated absences | \$ 20,684 | \$ 18,034 |
| Total liabilities | <u>\$ 95,860</u> | <u>\$ 119,923</u> |
| NET POSITION: | | |
| Invested in capital assets, net of related debt | \$3,338,887 | \$3,633,160 |
| Restricted | | |
| Expendable | 41,206 | 69,090 |
| Unrestricted | 696,789 | 490,766 |
| Total net position | <u><u>\$4,076,882</u></u> | <u><u>\$4,193,016</u></u> |

See Notes to Financial Statements.

NORTH IOWA REGIONAL HOUSING AUTHORITY
Statements of Revenues, Expenses, and Changes in Net Position
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|--|---------------------------|---------------------------|
| Operating Revenues: | | |
| Rent | \$ 174,269 | \$ 180,751 |
| Grants and contributions | 1,554,748 | 1,544,864 |
| Miscellaneous | 18,534 | 17,333 |
| Total operating revenue | <u>\$1,747,551</u> | <u>\$1,742,948</u> |
| Operating Expenses: | | |
| Administrative | \$ 424,852 | \$ 400,741 |
| Utilities | 36,707 | 31,544 |
| Maintenance | 200,324 | 170,007 |
| Depreciation | 294,273 | 297,815 |
| HAP payments | 1,138,539 | 1,166,358 |
| Tenant services | 1,815 | 1,836 |
| Miscellaneous | 15,530 | 7,503 |
| Total operating expenses | <u>\$2,112,040</u> | <u>\$2,075,804</u> |
| Operating income (loss) | <u>\$ (364,489)</u> | <u>\$ (332,856)</u> |
| Non-operating revenues: | | |
| Interest | <u>\$ 2,498</u> | <u>\$ 2,116</u> |
| Income (loss) before contributions and transfers | \$ (361,991) | \$ (330,740) |
| Contributions and transfers: | | |
| Contributions | <u>245,857</u> | <u>-</u> |
| Change in net position | \$ (116,134) | \$ (330,740) |
| Net position beginning of year | <u>4,193,016</u> | <u>4,523,756</u> |
| Net position end of year | <u>\$4,076,882</u> | <u>\$4,193,016</u> |

See Notes to Financial Statements.

NORTH IOWA REGIONAL HOUSING AUTHORITY
Statements of Cash Flows
Years Ended September 30, 2014 and 2013

| | <u>2014</u> | <u>2013</u> |
|---|--------------------------|--------------------------|
| Cash Flows from Operating Activities: | | |
| Cash received from rental receipts | \$ 164,621 | \$ 180,835 |
| Cash received from HUD | 1,554,748 | 1,545,469 |
| Cash paid to employees for services | (286,681) | (277,101) |
| Cash paid to suppliers of goods or services | (417,639) | (309,363) |
| Cash paid for HAP payments | (1,138,539) | (1,166,358) |
| Proceeds from miscellaneous items | 22,853 | 17,333 |
| Proceeds from tenant security deposits | - | 570 |
| Net cash provided (used) by operating activities | <u>\$ (100,637)</u> | <u>\$ (8,615)</u> |
| Cash Flows from Capital and Related Financing Activities: | | |
| HUD capital grants received | \$ 245,857 | \$ - |
| Cash Flows from Investing Activities: | | |
| Purchase of investments | \$ (126,703) | \$ (101,950) |
| Proceeds from sale of investments | 117,549 | 101,098 |
| Interest received | 2,637 | 1,986 |
| Capital improvements | - | (7,106) |
| Net cash provided (used) by investing activities | <u>\$ (6,517)</u> | <u>\$ (5,972)</u> |
| Net increase (decrease) in cash | \$ 138,703 | \$ (14,587) |
| Cash beginning of year | <u>544,267</u> | <u>558,854</u> |
| Cash end of year | <u>\$ 682,970</u> | <u>\$ 544,267</u> |
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities: | | |
| Operating income (loss) | \$ (364,489) | \$ (332,856) |
| Adjustments to reconcile operating income (loss) to net cash from operating activities: | | |
| Depreciation expense | 294,273 | 297,815 |
| Bad debt expense | 3,370 | 3,252 |
| Change in assets and liabilities: | | |
| (Increase) decrease in receivables | (5,328) | (218) |
| (Increase) decrease in prepaid expenses | (1,030) | (1,266) |
| Increase (decrease) in security deposits | 21 | 550 |
| Increase (decrease) in accounts and contracts payable | 9,497 | (8,397) |
| Increase (decrease) in accrued expenses | (38,243) | 34,212 |
| Increase (decrease) in other liabilities | <u>1,292</u> | <u>(1,707)</u> |
| Net cash provided (used) by operating activities | <u>\$ (100,637)</u> | <u>\$ (8,615)</u> |

See Notes to Financial Statements.

NORTH IOWA REGIONAL HOUSING AUTHORITY
Notes to Financial Statements
September 30, 2014

(1) Summary of Significant Accounting Policies

A. Reporting Entity

The North Iowa Regional Housing Authority is a special purpose government organization organized under Iowa Code Chapters 28E, Joint Exercise of Governmental Powers, and 403A, Municipal Housing Projects. The Authority is located in Mason City, Iowa, and serves an eight county area. The Authority has an appointed governing body from the eight county area. The Authority's revenue is generated by rents from their 121 conventional low rent units and an additional 398 Section 8 Housing Choice Voucher units. The Authority is subject to Section 8 Housing Assistance Payments agreements with the U.S. Department of Housing and Urban Development (HUD). The Authority's major program is its Section 8 Housing Choice Voucher Program.

For financial reporting purposes, North Iowa Regional Housing Authority has included all funds, organizations, agencies, boards, commissions and authorities. The Authority has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the Authority's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Authority to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Authority. North Iowa Regional Housing Authority has no component units which meet the Governmental Accounting Standards Board criteria.

B. Measurement Focus and Basis of Accounting

The North Iowa Regional Housing Authority maintains its financial records on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of proprietary funds are user fees and charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

NORTH IOWA REGIONAL HOUSING AUTHORITY
Notes to Financial Statements
September 30, 2014

(1) Summary of Significant Accounting Policies - (continued)

C. Assets, Liabilities and Net Position

Cash Management and Investments

The Authority maintains two primary demand deposit accounts through which the majority of the Authority's cash resources are processed. The Authority's cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity date within three months of the date acquired by the Authority.

Trade Receivables

Trade receivables as of September 30, 2014 and 2013, are net of \$1,649 and \$544 allowance for doubtful accounts, respectively.

Restricted Assets

Assets which can be designated by the Board of Commissioners for any use within the Authority's purpose are considered to be unrestricted assets. Assets which are restricted for specific uses by debt requirements, grant provisions, or other requirements are classified as restricted assets. Liabilities which are payable from restricted assets, are classified as such. When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then unrestricted resources as they are needed.

Capital Assets

Capital assets, which include land, buildings, improvements other than buildings, and equipment are reported by the Authority. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair-market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Buildings, improvements other than buildings, and equipment are depreciated using the straight-line method over the following estimated useful lives:

| | |
|-----------------------------------|---------------|
| Buildings and structures | 40 years |
| Improvements other than buildings | 15 years |
| Equipment | 3 to 10 years |

Accrued Expenses

Authority employees earn paid days off (PDO) at rates dependent on years of service. Accumulation of more than 65 days will be forfeited if not used. This liability has been computed based on rates of pay in effect at September 30, 2014.

Since the Authority is a government agency, it does not pay property tax on the public housing properties it owns. The Authority accrues 10% of the dwelling rent less utilities as payment in lieu of taxes (PILOT) to be remitted to each county where property is located. Some counties have agreed to waive the PILOT.

NORTH IOWA REGIONAL HOUSING AUTHORITY
Notes to Financial Statements
September 30, 2014

(2) Cash and Investments

The Authority's deposits in banks at September 30, 2014 were entirely covered by Federal depository insurance or by the State Sinking fund in accordance with Chapter 12C of the Code of Iowa. This Chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Authority is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Authority; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Authority had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

(3) Capital Assets

Capital asset activity for the year ended September 30, 2014 was as follows:

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending Balance</u> |
|---|------------------------------|--------------------------|--------------------|---------------------------|
| Capital assets, not being depreciated: | | | | |
| Land | \$ 915,269 | \$ - | \$ - | \$ 915,269 |
| Construction in progress | - | - | - | - |
| Total capital assets, not being depreciated | <u>\$ 915,269</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 915,269</u> |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | \$6,738,419 | \$ - | \$ - | \$6,738,419 |
| Equipment | 259,391 | - | - | 259,391 |
| Leasehold improvements | <u>4,674</u> | <u>-</u> | <u>-</u> | <u>4,674</u> |
| Total capital assets being depreciated | <u>\$7,002,484</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$7,002,484</u> |
| Less accumulated depreciation | <u>4,284,593</u> | <u>294,273</u> | <u>-</u> | <u>4,578,866</u> |
| Total capital assets being depreciated, net | <u>\$2,717,891</u> | <u>\$ 294,273</u> | <u>\$ -</u> | <u>\$2,423,618</u> |
| Total capital assets, net | <u><u>\$3,633,160</u></u> | <u><u>\$ 294,273</u></u> | <u><u>\$ -</u></u> | <u><u>\$3,338,887</u></u> |

Depreciation expense charged to operations for the years ended September 30, 2014 and 2013 were \$294,273 and \$297,815, respectively.

NORTH IOWA REGIONAL HOUSING AUTHORITY
Notes to Financial Statements
September 30, 2014

(4) Pension and Retirement Benefits

IPERS - The Authority contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 5.95% of their covered salary. The Authority is required to contribute 8.93% of covered payroll. Contribution requirements are established by State statute. The Authority's contribution to IPERS for the years ended September 30, 2014, 2013 and 2012 were \$24,870, \$23,992, and \$23,777, respectively, equal to the required contribution for the year.

(5) Contingencies

Under terms of federal grants with HUD, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under terms of the grants. Such audits could lead to reimbursement to HUD. Authority management believes disallowances, if any, will be immaterial.

Payroll taxes collected from employees are subject to audit by federal and state governments. Any adjustments in these amounts may constitute a liability of the Authority. The amount of these changes, if any, made by federal or state governments cannot be determined at this time.

The Authority is currently in dispute with a software provider. The Authority alleges the product is not responsive to the Authority's needs and does not perform as required. The Authority has notified the vendor that it will not pay for the \$28,000 of software billings. This amount has not been included in the current year financial statements.

(6) Related Party Transactions

The Authority had no business transactions between the Authority and Authority officials and employees during the year ended September 30, 2014.

(7) Risk Management

The North Iowa Regional Housing Authority is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Authority assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NORTH IOWA REGIONAL HOUSING AUTHORITY
Notes to Financial Statements
September 30, 2014

(8) Operating Lease Activity

The Authority leases office space under a five-year lease extension expiring December 31, 2016. Monthly lease payments are \$1,498 plus common area costs estimated at \$721 per month. Lease expense amounted to \$29,760 for the year ended September 30, 2014. Future minimum lease payments under this lease are as follows:

| <u>FYE</u> | |
|------------|-----------------|
| 2015 | \$26,630 |
| 2016 | 26,630 |
| 2017 | 6,657 |
| | <u>\$59,917</u> |

The lease agreement allows for one additional term of five years at the current rate.

(9) Current Vulnerability Due to Certain Concentrations

The Authority's operations are concentrated in the multi-family real estate market. In addition, the Authority operates in a heavily regulated environment. The operations of the Authority are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden to comply with a change.

(10) Termination Benefits

As of September 30, 2014, the Authority had no terminated employees participating in continuation of health care coverage available from the Authority. Participants pay 100% of the premium for continuing coverage. Continuation coverage benefits are available for eligible employees for nine months. Upon termination, employees are paid for compensated absences that have been accrued up to termination date.

(11) Subsequent Events - Date of Management Evaluation

Management has evaluated subsequent events through May 18, 2015, the date on which the financial statements were available to be issued.

(12) New Governmental Accounting Standards Board (GASB) Standards

The Authority has implemented the following GASB standards during the fiscal year ended September 30, 2014:

Statement No. 65, *Items Previously Reported as Assets and Liabilities*, issued March 2012. The objective of this Statement is to establish accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The required changes have been made to the Authority's current year financial statements.

NORTH IOWA REGIONAL HOUSING AUTHORITY
Notes to Financial Statements
September 30, 2014

(12) New Governmental Accounting Standards Board (GASB) Standards - continued

Statement No. 66, *Technical Corrections - 2012 - an amendment to GASB Statements No. 10 and No. 62*, issued March 2012. The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. The adoption of this Statement has no effect on the Authority in the current year.

Statement No. 67, *Financial Reporting for Pension Plans - an amendment of GASB Statement No. 25*, issued June 2012. The objective of this Statement is to establish accounting and financial reporting requirements related to pension for governments whose employees are provided with pensions through pension plans that are covered by the scope of this Statement, as well as for non-employer governments that have a legal obligation to contribute to those plans. The adoption of this Statement has no effect on the Authority in the current year.

Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, issued April, 2013. The objective of this Statement establishes accounting and financial reporting standards for situations where a state or local government, as a guarantor, agrees to indemnify a third-party obligation holder under specified conditions. The adoption of this Statement has no effect on the Authority in the current year.

(13) Restatement

The Other Supplemental Information Section has been changed to reflect additions to the Schedule of Expenditures of Federal Awards and related changes to the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133.

NORTH IOWA REGIONAL HOUSING AUTHORITY
Schedule of Expenditures of Federal Awards
Year Ended September 30, 2014

| <u>Grantor/Program</u> | <u>CFDA Number</u> | <u>Agency or Pass-Through Number</u> | <u>Program Expenditures</u> |
|---|------------------------|--|---------------------------------|
| <u>Federal Awards</u> | | | |
| Direct: | | | |
| Department of Housing and Urban Development: | | | |
| Public and Indian Housing | 14.850 | IA000000113D | \$ 60,027 |
| Public and Indian Housing | 14.850 | IA000000114D | 192,659 |
| Section 8 Housing Choice Vouchers | 14.871 | IA127VO | 1,299,991 |
| Public Housing Capital Fund: | | | |
| Fiscal Year 2014 | 14.872 | IA05P127501-14 | 125,200 |
| Fiscal Year 2013 | 14.872 | IA05P127501-13 | <u>120,657</u> |
| Total federal expenditures | | | <u>\$1,798,534</u> |

Basis of Presentation - The Schedule of Expenditures of Federal Awards includes the federal grant activity of the North Iowa Regional Housing Authority. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.



Kronlage & Olson, P.C.

Certified Public Accountants

Douglas E. Kronlage, CPA
John C. Olson, CPA

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Commissioners
North Iowa Regional Housing Authority:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of North Iowa Regional Housing Authority, as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise North Iowa Regional Housing Authority's basic financial statements, and have issued our report thereon dated May 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered North Iowa Regional Housing Authority's internal control over financial reporting (internal control) to determine audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Iowa Regional Housing Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of North Iowa Regional Housing Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weakness. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Iowa Regional Housing Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Knottage & Olson, P.C.

Charles City, Iowa

May 18, 2015



Kronlage & Olson, P.C.

Certified Public Accountants

Douglas E. Kronlage, CPA
John C. Olson, CPA

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Commissioners
North Iowa Regional Housing Authority:

Report on Compliance for Each Major Federal Program

We have audited North Iowa Regional Housing Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on North Iowa Regional Housing Authority's major federal program for the year ended September 30, 2014. North Iowa Regional Housing Authority's major federal program is identified in the summary of auditor's results section of the accompanying Schedule of findings and questioned costs.

Management Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for North Iowa Regional Housing Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about North Iowa Regional Housing Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of North Iowa Regional Housing Authority's compliance.

Opinion of Each Major Federal Program

In our opinion, North Iowa Regional Housing Authority complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2014.

Report on Internal Control over Compliance

Management of North Iowa Regional Housing Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered North Iowa Regional Housing Authority's internal control over compliance with the requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of North Iowa Regional Housing Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Kronlage & Olson, P.C.

Charles City, Iowa

May 18, 2015

June 29, 2015 as related to Department of Housing and Urban
Development, Section 8 Housing Choice Voucher, CFDA 14.871

NORTH IOWA REGIONAL HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
Year Ended September 30, 2014

Part I: Summary of the Independent Auditor's Results:

- (a) An unqualified opinion was given on the financial statements.
- (b) The audit did not disclose any deficiencies in internal control over financial reporting.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) The audit did not disclose any deficiencies in internal control over the major program.
- (e) An unqualified opinion was issued on compliance with requirements applicable to the Authority's major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Programs tested as major programs were as follows:
 - CFDA Number 14.871 - Section 8 Housing Choice Vouchers
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) The Authority qualifies as a low-risk auditee.

Part II: Findings Related to the Financial Statements:

INSTANCES OF NONCOMPLIANCE:

There were no prior year or current year instances of noncompliance identified.

MATERIAL WEAKNESSES:

There were no prior year or current year material weaknesses identified.

Part III: Findings and Questioned Costs for Federal Awards:

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT
Section 8 Housing Choice Voucher - CFDA 14.871

INSTANCES OF NONCOMPLIANCE:

There were no current year instances of noncompliance identified.

MATERIAL WEAKNESSES:

There were no current year material weaknesses identified.

NORTH IOWA REGIONAL HOUSING AUTHORITY
Schedule of Findings and Questioned Costs
Year Ended September 30, 2014

Part IV: Summary Schedule of Prior Audit Findings:

There were no prior year audit findings.

Part V: Other Findings Related to Required Statutory Reporting:

- | | |
|----------|---|
| 2014-001 | <u>Official Depositories</u> - A resolution naming official depositories has been approved by the Authority. |
| 2014-002 | <u>Questionable Expenditures</u> - We noted no expenditures that may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979. |
| 2014-003 | <u>Travel Expense</u> - No expenditures of Authority money for travel expenses of spouses of Authority officials or employees were noted. No travel advances to Authority officials or employees were noted. |
| 2014-004 | <u>Business Transactions</u> - There were no business transactions between the Authority and Authority officials or employees. |
| 2014-005 | <u>Bond Coverage</u> - Surety bond coverage of Authority officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations. |
| 2014-006 | <u>Deposits and Investments</u> - We noted no instances of noncompliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Authority's investment policy. |
| 2014-007 | <u>Authority Minutes</u> - No transactions were found that we believe should have been approved in the Authority minutes but were not. |

| NORTH IOWA REGIONAL HOUSING AUTHORITY | | | | | | | | | | |
|---------------------------------------|---|---|--|---|---------------------|-------------|--|--|--|--|
| FINANCIAL DATA SCHEDULE | | | | | | | | | | |
| September 30, 2014 | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| FDS | | | | | | | | | | |
| Line | | | | | | | | | | |
| Item | | | | | | | | | | |
| Number | Account Description | Low- Rent Public Housing 14,850 | Section 8 Housing Choice Vouchers 14,871 | Public Housing Capital Fund Program 14,872 | Business Account | Total | | | | |
| 111 | Cash - Unrestricted | 554,816 | 79,742 | - | 1,505 | 636,064 | | | | |
| 113 | Cash - Restricted | | 41,206 | | | 41,206 | | | | |
| 114 | Cash - Tenant Security Deposits | 28,396 | - | - | - | 28,396 | | | | |
| 100 | Total Cash | 583,212 | 120,948 | - | 1,505 | 705,665 | | | | |
| 126 | Accounts Receivable - Tenants | 9,140 | - | - | - | 9,140 | | | | |
| 126.1 | Allowance for Doubtful Accounts - Dwelling Rents | (1,649) | - | - | - | (1,649) | | | | |
| 129 | Interest Receivable | 19 | - | - | - | 19 | | | | |
| 120 | Total Receivables, Net of Allowances for Doubtful Accounts | 7,509 | - | - | - | 7,509 | | | | |
| 131 | Investments - Unrestricted | 102,853 | - | - | - | 102,853 | | | | |
| 142 | Prepaid Expenses & Other Assets | 10,159 | 7,668 | - | - | 17,827 | | | | |
| 150 | Total Current Assets | 703,733 | 128,616 | - | 1,505 | 833,854 | | | | |
| 161 | Land | 915,268 | - | - | - | 915,268 | | | | |
| 162 | Buildings | 6,738,420 | - | - | - | 6,738,420 | | | | |
| 163 | Furniture, Equipment & Machinery - Dwellings | 166,790 | - | - | - | 166,790 | | | | |
| 164 | Furniture, Equipment & Machinery - Administration | 92,602 | - | - | - | 92,602 | | | | |
| 165 | Leasehold Improvements | 4,674 | - | - | - | 4,674 | | | | |
| 166 | Accumulated Depreciation | (4,578,866) | - | - | - | (4,578,866) | | | | |
| 167 | Construction in Progress | - | - | - | - | - | | | | |
| 160 | Total Fixed Assets, Net of Accumulated Depreciation | 3,338,887 | - | - | - | 3,338,887 | | | | |
| 180 | Total Non-Current Assets | 3,338,887 | - | - | - | 3,338,887 | | | | |
| 190 | Total Assets | 4,042,621 | 128,616 | - | 1,505 | 4,172,742 | | | | |
| 312 | Accounts Payable <=90 Days | 16,044 | - | - | - | 16,044 | | | | |
| 321 | Accrued Wage/Payroll Taxes Payable | 6,485 | 2,975 | - | - | 9,459 | | | | |
| 322 | Accrued Compensated Absences - Current Portion | 4,714 | 3,535 | - | - | 8,249 | | | | |
| 331 | Accounts Payable - HUD PHA Programs | | | | | | | | | |
| | HAP Interest Earned - Payable to HUD | | - | - | - | - | | | | |
| 333 | Accounts Payable - Other Governments (PILOT) | | | | | | | | | |
| | PILOT | 7,630 | - | - | - | 7,630 | | | | |
| 341 | Tenant Security Deposits | 29,775 | - | - | - | 29,775 | | | | |
| 342 | Deferred Revenues | | | | | | | | | |
| | Prepaid Rents | 2,204 | - | - | - | 2,204 | | | | |
| 345 | Other Current Liabilities | 1,815 | - | - | - | 1,815 | | | | |
| 310 | Total Current Liabilities | 68,667 | 6,509 | - | - | 75,176 | | | | |
| 354 | Accrued Compensated Absences - Non-current Portion | 11,280 | 9,404 | - | - | 20,684 | | | | |
| 350 | Total Non-current Liabilities | 11,280 | 9,404 | - | - | 20,684 | | | | |
| 300 | Total Liabilities | 79,947 | 15,913 | - | - | 95,860 | | | | |
| 508.1 | Invested in Capital Assets, Net of Related Debt | 3,338,887 | - | - | - | 3,338,887 | | | | |
| 511.1 | Restricted Net Assets | - | 41,206 | - | - | 41,206 | | | | |
| 512.1 | * Unrestricted Net Assets | 623,787 | 71,497 | - | 1,505 | 696,789 | | | | |
| 513 | Total Equity/Net Assets | 3,962,674 | 112,703 | - | 1,505 | 4,076,882 | | | | |
| 600 | Total Liabilities & Equity/Net Assets | 4,042,621 | 128,616 | - | 1,505 | 4,172,742 | | | | |

NORTH IOWA REGIONAL HOUSING AUTHORITY

FINANCIAL DATA SCHEDULE

September 30, 2014

| FDS Line Item Number | Account Description | Low- Rent Public Housing 14,850 | Section 8 Housing Choice Vouchers 14,871 | Public Housing Capital Fund Program 14,872 | Business Account | Total |
|-------------------------------|---|---|--|---|---------------------|------------------|
| 70300 | Net Tenant Rental Revenue | 169,949 | - | - | - | 169,949 |
| 70400 | Tenant Revenue - Other | 18,533 | - | - | - | 18,533 |
| 70500 | Total Tenant Revenue | 188,483 | - | - | - | 188,483 |
| 70600 | HUD PHA Operating Grants | 254,837 | 1,299,911 | - | - | 1,554,748 |
| | Operating Subsidy | 254,837 | - | - | - | 254,837 |
| | Housing Assistance Payments | - | 1,111,361 | - | - | 1,111,361 |
| | Administrative Fees | - | 188,550 | - | - | 188,550 |
| 70610 | Capital Grants | - | - | - | - | - |
| 71100 | Investment Income - Unrestricted | 2,151 | 348 | 245,857 | - | 245,857 |
| 71400 | Fraud Recovery | - | - | - | - | - |
| | NIRHA Portion | - | - | - | - | - |
| | HUD (HAP) Portion | - | - | - | - | - |
| 71500 | Other Revenue | 4,320 | - | - | - | 4,320 |
| 71600 | Gain/Loss on Sale of Fixed Assets | - | - | - | - | - |
| 72000 | Investment Income - Restricted | - | - | - | - | - |
| 70000 | Total Revenue | 449,791 | 1,300,259 | 245,857 | - | 1,995,906 |
| 91100 | Administrative Salaries | 127,639 | 90,421 | - | - | 218,060 |
| 91200 | Auditing Fees | 3,925 | 3,925 | - | - | 7,850 |
| 91500 | Employee Benefit Contributions - Administrative | 43,676 | 30,225 | - | - | 73,901 |
| 91600 | Office Expenses | 21,125 | 48,349 | - | - | 69,474 |
| 91700 | Legal Expense | 1,327 | 1,327 | - | - | 2,654 |
| 91800 | Travel | 1,584 | 1,584 | - | - | 3,168 |
| 91000 | Total Operating - Administrative | 199,277 | 175,831 | - | - | 375,108 |
| 92400 | Tenant Services - Other | 1,815 | - | - | - | 1,815 |
| 92500 | Total Tenant Services | 1,815 | - | - | - | 1,815 |
| 93100 | Water | 3,838 | - | - | - | 3,838 |
| 93200 | Electricity | 14,931 | - | - | - | 14,931 |
| 93300 | Gas | 12,335 | - | - | - | 12,335 |
| 93600 | Sewer | 5,603 | - | - | - | 5,603 |
| 93000 | Total Utilities | 36,707 | - | - | - | 36,707 |
| 94100 | Ordinary Maintenance & Operations - Labor | 62,039 | - | - | - | 62,039 |
| 94200 | Ordinary Maintenance & Operations - Materials & Other | 33,807 | - | - | - | 33,807 |
| 94300 | Ordinary Maintenance & Operations - Contract Costs | 76,925 | - | - | - | 76,925 |
| | Garbage and Trash Removal | 5,099 | - | - | - | 5,099 |
| | Heating and Cooling | 5,880 | - | - | - | 5,880 |
| | Snow Removal | 13,619 | - | - | - | 13,619 |
| | Elevator Maintenance | 2,698 | - | - | - | 2,698 |
| | Landscape and Grounds | 13,574 | - | - | - | 13,574 |
| | Unit Turnaround | 11,152 | - | - | - | 11,152 |
| | Electrical | 118 | - | - | - | 118 |
| | Plumbing | 5,138 | - | - | - | 5,138 |
| | Extermination | 4,739 | - | - | - | 4,739 |
| | Janitorial | 3,135 | - | - | - | 3,135 |

| NORTH IOWA REGIONAL HOUSING AUTHORITY | | | | | | | | | |
|---------------------------------------|--|-----------------------------------|--|---------|---------------------|-----------|--|--|--|
| FINANCIAL DATA SCHEDULE | | | | | | | | | |
| September 30, 2014 | | | | | | | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| FDS Line Item | | Low- Rent Public Housing | Section 8 Housing Choice Vouchers | Public | | | | | |
| Number | Account Description | 14,850 | 14,871 | 14,872 | Business Account | Total | | | |
| | Routine Maintenance | 3,533 | - | - | - | 3,533 | | | |
| | Miscellaneous Contracts | 8,239 | - | - | - | 8,239 | | | |
| 94500 | Employee Benefit Contributions - Ordinary Maintenance | 27,554 | - | - | - | 27,554 | | | |
| 94000 | Total Maintenance | 200,324 | - | - | - | 200,324 | | | |
| 96110 | Property Insurance | 18,369 | - | - | - | 18,369 | | | |
| 96120 | Liability Insurance | 2,724 | 3,575 | - | - | 6,299 | | | |
| 96130 | Workmen's Compensation | 2,632 | 1,579 | - | - | 4,211 | | | |
| 96100 | Total Insurance premiums | 23,726 | 5,153 | - | - | 28,880 | | | |
| 96200 | Other General Expenses | 22,861 | - | - | - | 22,861 | | | |
| 96210 | Compensated Absences | 650 | 1,874 | - | - | 2,524 | | | |
| 96300 | Payments in Lieu of Taxes | 7,637 | - | - | - | 7,637 | | | |
| 96400 | Bad Debts - Tenant Rents | 3,370 | - | - | - | 3,370 | | | |
| 96000 | Total Other General Expenses | 34,519 | 1,874 | - | - | 36,393 | | | |
| 96900 | Total Operating Expenses | 496,368 | 182,859 | - | - | 679,227 | | | |
| 97000 | Excess Operating Revenue Over Operating Expenses | (46,578) | 1,117,400 | 245,857 | - | 1,316,679 | | | |
| 97300 | Housing Assistance Payments | - | 1,138,539 | - | - | 1,138,539 | | | |
| 97300-040 | Tenant Protection | - | 18,126 | - | - | 18,126 | | | |
| 97300-041 | Portability Out | - | 138,111 | - | - | 138,111 | | | |
| 97300-050 | All Other | - | 982,302 | - | - | 982,302 | | | |
| 97350 | HAP Portability In | - | - | - | - | - | | | |
| 97400 | Depreciation Expense | 294,273 | - | - | - | 294,273 | | | |
| 90000 | Total Expenses | 790,642 | 1,321,398 | - | - | 2,112,040 | | | |
| 10010 | Operating Transfers In | - | - | - | - | - | | | |
| 10020 | Operating Transfers Out | - | - | - | - | - | | | |
| 10070 | Extraordinary Items (Net Gain/Loss) | - | - | - | - | - | | | |
| 10100 | Total Other Financing Sources (Uses) | - | - | - | - | - | | | |
| 10000 | Excess (Deficiency) of Operating Revenue Over (Under) Total Expenses | (340,851) | (21,140) | 245,857 | - | (116,134) | | | |
| | | | | | | | | | |
| | | | | | | | | | |
| | Memo Account Information: | | | | | | | | |
| 11020 | * Required Annual Debt Principal Payments | - | - | - | - | - | | | |
| 11030 | * Beginning Equity | 4,057,668 | 133,842 | - | 1,505 | 4,193,016 | | | |
| 11040 | Prior Period Adjustments, Equity Transfers & Correction of Errors | - | - | 245,857 | - | - | | | |
| | Transfer in from CFP | 245,857 | - | - | - | - | | | |
| | Transfer out of CFP | - | - | 245,857 | - | - | | | |
| | Rounding adjustment | - | - | - | - | - | | | |
| 11170-001 | Administrative Fee Equity - Beginning Balance | - | 65,458 | - | - | - | | | |
| 11170-010 | Administrative Fee Revenue | - | 188,550 | - | - | - | | | |
| 11170-020 | Hard to House Fee Revenue | - | - | - | - | - | | | |
| 11170-040 | Investment Income | - | 348 | - | - | - | | | |
| 11170-045 | Fraud Recovery Revenue | - | - | - | - | - | | | |
| 11170-050 | Other Revenue | - | - | - | - | - | | | |

| NORTH IOWA REGIONAL HOUSING AUTHORITY | | | | | | | | | |
|---------------------------------------|---|--|-----------------------------------|--|---|---------------------|--|-------|---|
| FINANCIAL DATA SCHEDULE | | | | | | | | | |
| September 30, 2014 | | | | | | | | | |
| | | | | | | | | | |
| | | | Low- Rent Public Housing | Section 8 Housing Choice Vouchers | Public Housing Capital Fund Program | | | | |
| FDS Line Item Number | Account Description | | 14.850 | 14.871 | 14.872 | Business Account | | Total | |
| 11170-051 | Comment for Other Revenue | | | | | | | | |
| | Port-in admin fees and audit adjustment for void checks | | | | | | | | |
| 11170-060 | Total Admin Fee Revenues | | - | 188,898 | - | - | | - | - |
| 11170-080 | Total Operating Expenses | | - | 182,859 | - | - | | - | - |
| 11170-110 | Total Expenses | | - | 182,859 | - | - | | - | - |
| 11170-002 | Net Administrative Fee | | - | 6,039 | - | - | | - | - |
| 11170-003 | Administrative Fee Equity - Ending Balance | | - | 71,497 | - | - | | - | - |
| 11170 | Administrative Equity | | - | 71,497 | - | - | | - | - |
| 11180 | Housing Assistance Payments Equity | | - | 41,206 | - | - | | - | - |
| 11190 | * Unit Months Available | | 1,452 | 4,776 | - | - | | - | - |
| 11210 | * Number of Unit Months Leased | | 1,347 | 4,487 | - | - | | - | - |
| 11610 | * Land Purchases | | - | - | - | - | | - | - |
| 11620 | * Building Purchases | | - | - | - | - | | - | - |
| 11630 | * Furniture & Equipment - Dwelling Purchases | | - | - | - | - | | - | - |
| 11640 | * Furniture & Equipment - Administrative Purchases | | - | - | - | - | | - | - |
| 11650 | * Leasehold Improvements Purchases | | - | - | - | - | | - | - |
| 11660 | * Infrastructure Purchases | | - | - | - | - | | - | - |
| 13510 | * CFPP Debt Service Payments | | - | - | - | - | | - | - |
| 13901 | * Replacement Housing Factor Funds | | - | - | - | - | | - | - |
| * | Required Information | | | | | | | | |